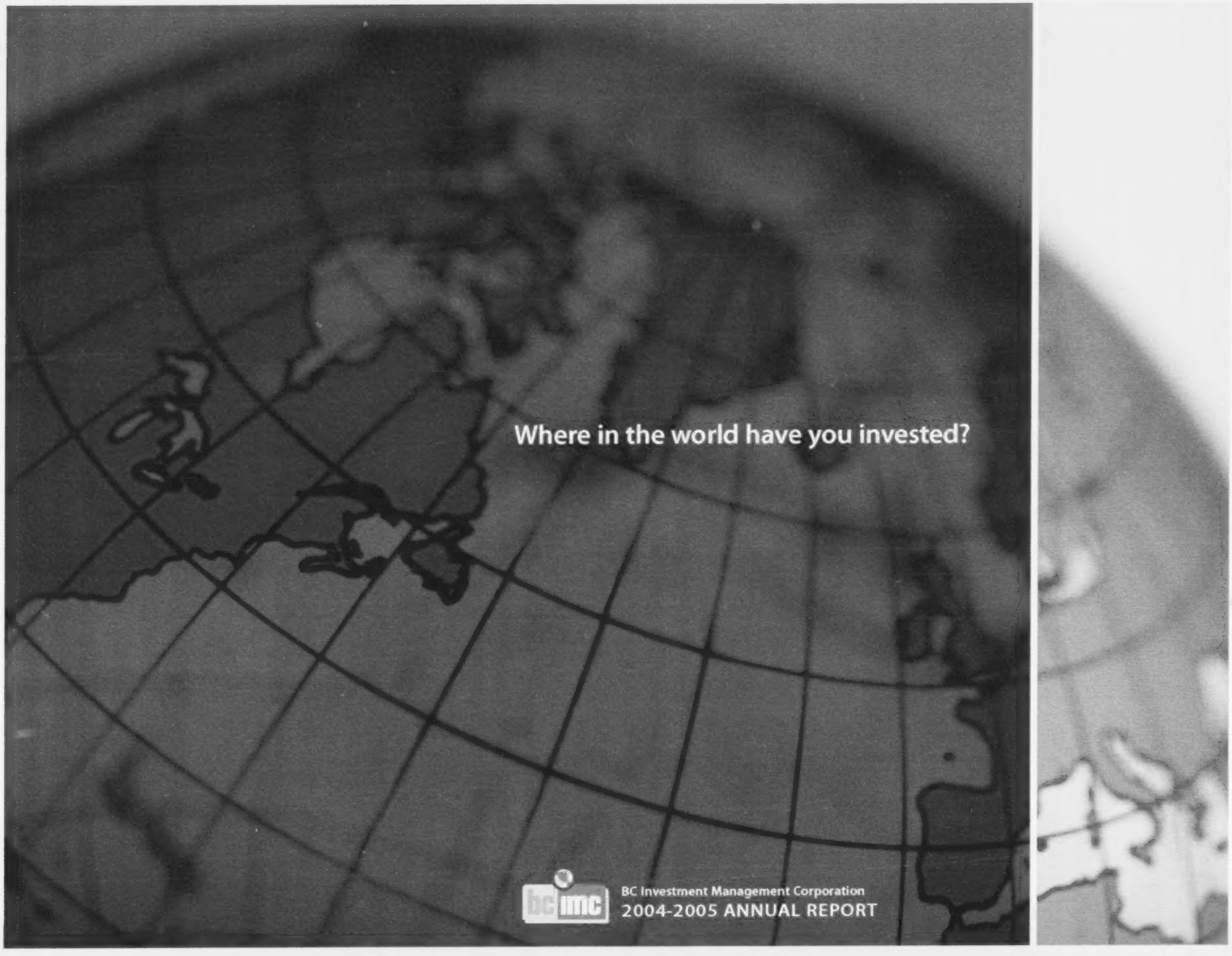


BC Investment Management Corporation
2004-2005 ANNUAL REPORT

Canada, United States, United Kingdom, Japan,
France, Switzerland, Germany, Australia, Netherlands, Spain,
Italy, Hong Kong, Korea, Sweden, Singapore, Belgium, Ireland, Taiwan, Thailand, Finland,
Austria, Norway, Malaysia, Greece, Denmark, China, Portugal, Mexico, Luxembourg, New Zealand, Brazil,
Israel, South Africa, Russia, India, and the Philippines.

Continuing last year's theme of getting to know bcIMC, this year's Annual Report gives focus to the people who are the foundation of bcIMC's success. First, the quality of our employees is crucial to our position as a leading fund manager. Second, to help us add value for clients, we invest with the world's best managers. bcIMC now manages approximately 32% of our portfolio of client assets through a global network of external managers. These managers are carefully selected and monitored for their performance, with an emphasis on diversification and consistent results. Our asset managers and investment capability around the world are an important feature of this report.

CONTENTS

About bcIMC 3
- The Evolution of Global Investing 4
- Emphasis on Diversification 5
- Local Knowledge 6
- Selecting the Best 7

Report by the Chair 8

Report by the CEO/CIO 9

Management Discussion and Analysis 11
- 2004-2005 Capital Market Overview 12
- Investment Performance 13
- Risk Management 18
- Human Resources 20
- Information Technology 21
- Consulting and Client Services 22
- Advocacy 23
- Cost Structure 24

bcIMC Governance 25

Financial Statements 28

Our External Managers and Business Partners 39

www.bcimc.com

About bcIMC

With over $67 billion in assets under administration, the British Columbia Investment Management Corporation (bcIMC) is one of Canada's largest institutional fund managers.

bcIMC offers public sector clients professional investment management for all major asset classes: short term and fixed income securities, mortgages, Canadian, U.S. and international equities, private placements and real estate. Our clients include pension plans, provincial government operating and sinking funds, public trusts, and insurance funds.

Established in 1999, bcIMC operates under the provisions of the *Public Sector Pension Plans Act*.

Assets Under Administration at March 31, 2005

	ASSETS $	ASSETS %
Short Term Securities	$ 3,958,846,061	5.9%
Bonds	22,747,019,204	33.8%
Canadian Equities	13,694,389,997	20.4%
U.S. Equities	8,171,470,845	12.2%
International Equities	10,231,916,604	15.2%
Mortgages	3,115,333,336	4.6%
Private Placements	1,870,374,406	2.8%
Real Estate	3,875,560,615	5.8%
Foreign Currency	1,544,735,664	2.3%
Total	$ 67,209,646,732	100%

Client Profile at March 31, 2005

	ASSETS $	ASSETS %
Core Operating Funds	$ 997,272,574	1.5%
Public Trusts	831,849,985	1.2%
Sinking Funds	4,343,419,807	6.5%
Public Agencies	10,132,472,143	15.1%
Pension Plans	50,904,632,223	75.7%
Total	$ 67,209,646,732	100%

bcIMC's $67.3 billion portfolio of client assets includes approximately $18 billion in foreign investments.

CANADA $49.4 billion

U.S. $8.9 billion

EUROPE $4.5 billion

JAPAN $2.2 billion

ASIA (ex Japan) $1.3 billion

OTHER $1 billion

The Evolution of Global Investing

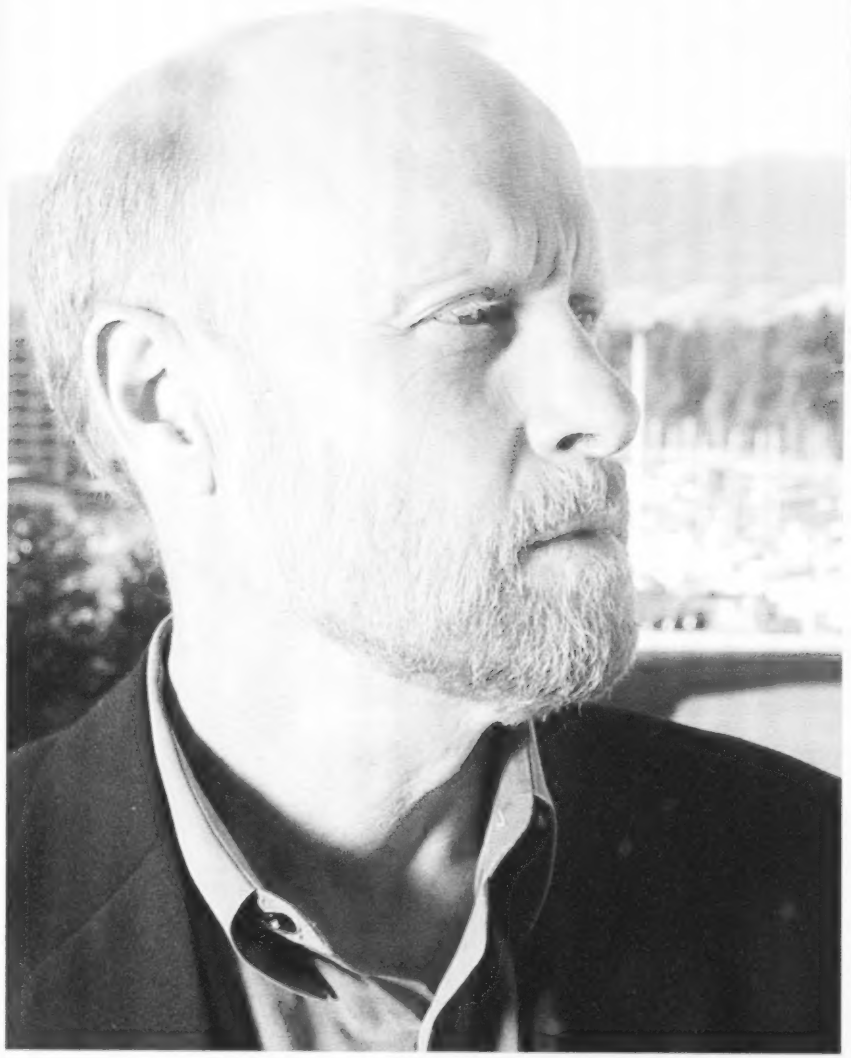
Today, bcIMC invests around the world. Twenty-five years ago, things were much different. Inflation was in double-digits and interest rates were high and rising. For investors, the name of the game was beating inflation. This was difficult. Most portfolios were not very diversified, consisting of a large component of domestic fixed income and some domestic equities. Most pension plans had no real estate, private placements, foreign stocks or bonds.

Inflation that was the bane of investors in the 1970s and 80s has now dropped to levels where it has ceased to be a factor in decision-making. The problem for today's investors is that real and nominal returns may be too low to meet their investment objectives. Fortunately, most managed investment funds today have a broader investment universe available to them, opening up a range of opportunities and risk-return profiles that were not available or widely exploited 25 years ago.

bcIMC itself reflects that evolution from managing investments restricted to government fixed income securities in the 1970s and 1980s, to today's full range of investment products and access to markets around the globe. The relatively small size of Canadian capital markets – Canada accounts for only 2.3% of the world capital market – combined with the growth in bcIMC's assets under management, has made it essential to look world wide for investment opportunities and external partners with local knowledge to provide the diversification and performance that clients require.

Despite the growth in global investing and increasing capital flows across national borders, political landscapes, laws, and business cultures vary widely from country to country. We invest in markets where our capital is welcome, and we adhere to the standards and practices our clients expect here at home. Wherever we invest, we insist on good governance practices and equitable treatment for all shareholders. This means that while bcIMC will search the globe for investment opportunities, some markets will remain off limits until they offer the transparency and the quality of corporate governance essential to good long term returns.

As the population ages, work-related pensions will remain an important source of retirement income. bcIMC plays a key role in securing the retirements of thousands of British Columbians and will continue to expand our investment knowledge and capability at home and in markets around the world to meet the investment needs of pension clients and others who depend on us.



Emphasis on Diversification

Through bcIMC's broad network of private placement fund managers, all participating clients benefit from a very diverse private investment program – diverse by investment type (such as venture and buyout financing), industry (including regulated infrastructure and technology), and geographic region. Currently, bcIMC has relationships with 54 private placement fund managers around the world.

Fund Manager	Dr. Robin Louis, Ventures West
Location	Vancouver, Canada
Investment Type	Venture Capital

Profile Ventures West (VW) is one of Canada's leading venture capital firms. Established in 1973, the firm operates out of offices in offices in Toronto, Ottawa, Montreal, and Vancouver. Since 1993, Ventures West has been one of bcIMC's external private placement managers and we have made commitments to several venture capital funds the firm operates. The investment focus of Ventures West is on early-stage Canadian companies in four technology sectors: biotechnology, information technology, energy technology, and telecommunications.

One of VW's recent success stories is Chantry Networks, a company that specializes in WLAN technology and the wireless convergence of voice and data transmission. On behalf of bcIMC and other fund investors, VW made an investment in Chantry Networks in July 2002 and the company was subsequently purchased by Siemens Communications in December 2004. The value of VW's investment multiplied 2.3 times in this short period, generating an internal rate of return on investment exceeding 60%. We are pleased that our participating clients benefited from the management expertise of Ventures West and the business success of Chantry Networks.

Local Knowledge

bcIMC maintains a network of public equity specialists knowledgeable about every major market in the world. Nine external managers are in Canada and 8 are located in London, Dublin, Atlanta, New York, Boston, Tokyo and Hong Kong. These managers are thoroughly researched and selected not just on performance – we are also careful to choose diverse styles of managers who will give clients' equity portfolios resilience in varying market conditions. Intelligent diversification of funds is not just about adding more managers (who could all be choosing similar stocks) but varying investment philosophies and approaches. This diversity is needed for consistent long term investment results.

Fund Manager	James Fisher, JP Morgan Asset Management
Location	London, England
Mandate	Europe, Asia, and Far East (EAFE) Equities
Profile	JP Morgan Asset Management, a bank-owned global fund manager, is the product of a successful merger two years ago of two strong asset management firms, Fleming and JP Morgan. Impressed by the firm's culture and integrity, bcIMC established an EAFE mandate with Fleming Asset Management in 1991. The manager's strength continues to be the depth and experience of its people and, since its inception, the EAFE mandate has added considerable value for participating clients. James Fisher, the lead portfolio manager, manages the EAFE mandate out of London, and utilizes the skills of regional specialists to conduct primary research and to provide local expertise. He is also assisted by a team of global sector specialists. JP Morgan Asset Management has exceeded bcIMC's performance benchmark since inception of the EAFE mandate in 1991.

JP Morgan Asset Management Annualized EAFE Returns (C$)

	SINCE INCEPTION	10 YRS	5 YRS	3 YRS	1 YR
Portfolio	10.4%	7.6%	3.1%	2.1%	4.8%
Benchmark	7.0%	3.9%	4.6%	1.9%	5.9%

Selecting the Best

Real estate investing and management is highly labour-intensive and, as such, is similar to running an active business. Managers must be skilled, experienced, and resourceful. bcIMC enjoys a reputation of being a competent and timely decision-maker, an honest and fair competitor and an investor that can close transactions to which we have committed. All of this has allowed us to build a substantial, high-quality international real estate portfolio. But we do not work alone. Managing a large overseas real estate program necessitates the hiring of external managers. Because of our size and reputation, bcIMC has been able to select the best asset and property managers available in the world today.

Fund Manager	Jim Quille, Macquarie Global Property Advisors (MGPA)
Location	Europe and Asia
Fund	Macquarie Global Property LP II; Lend Lease Global Property Fund
Profile	One of bcIMC's external partners who has consistently brought focus, planning and experience to our international real estate program is Macquarie Global Property Advisors. Through its network of offices in Hong Kong, Tokyo, Seoul, London and Luxembourg, MGPA specializes in opportunistic real estate investment in Asia and Europe and we have been very pleased with their performance since the relationship was established in 1999. For example, early in 2005 Macquarie purchased a majority stake in Xin Mao Tower, a 20-floor luxury office building in Shanghai, China. Macquarie also holds an interest in a skyscraper that is unmistakably Hong Kong: the Lippo Centre (seen in the image on the left). bcIMC has an indirect ownership stake in these and other overseas properties managed by MGPA. MGPA is owned by its principals and Macquarie Bank Limited, a pre-eminent Australian bank providing investment banking and financial services.

Report by the Chair

Global investing started many years ago, but really began to accelerate with the development of new communication technologies.

An excess supply of "bandwidth" following the 1999-2000 Internet bubble caused communications costs to fall, enabling the rapid growth in the use of cell phones and other wireless communications technologies.

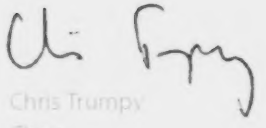
Events of the past few months have highlighted how interconnected the world has become: news and pictures of the tsunami in Indonesia quickly circled the globe soon after it occurred. The global nature of this disaster was reflected by how it touched not only the lives of countless local residents, but also a large number of visitors, and by the aid and resources that quickly poured into the region from every corner of the world.

The advent of any new technology – the sailing ship, the steam engine or the personal computer – shrinks the effect of distance on economic life, making it seem as if the world is getting smaller. Information and capital now flows freely and quickly over fibre-optic lines to places where capital is welcome, in contrast to a time when gold had to be moved by ship to finance international trade and overseas investment.

Yet, as an investor, you still have to know who your partners are. bcIMC has now been investing internationally for over 15 years using partners in various locations around the world. Continuing last year's theme of getting to know bcIMC, this year's Annual Report introduces you to some of our investment managers. These external partners are an essential part of bcIMC's global investment team.

Of course, the other critical component is bcIMC staff in Victoria, who manage the bulk of our investments here in Canada. I am pleased that we have been able to build a stable in-house investment management team since the Corporation's inception in 1999. Our returns are dependable and risk-controlled and remain a cost-effective solution for our public sector clients in British Columbia.

I thank my Board colleagues for their diligence and dedication. I would also like to thank bcIMC's clients, and bcIMC's global investment team for their efforts in 2004-2005.



Chris Trumpy
Chair

Report by the CEO/CIO

2004-2005 was a good year for the economy and bcIMC's clients. A typical bcIMC pension client earned returns of 8.0% for the year ended March 31, 2005.

	ANNUALIZED RETURNS			
	15 YRS	10 YRS	5 YRS	1 YR
Balanced Portfolio	9.7%	8.0%	7.2%	8.0%
Benchmark	9.2%	8.0%	5.9%	7.1%

Canada had one of the better-performing equity markets last year as the global economic expansion, particularly in China, boosted demand and prices for commodities. Corporate profits grew strongly, providing a solid foundation for rising stock prices. Interest rates remained low due to more-than-ample financial liquidity. This liquidity boosted demand for real estate, especially housing.

During 2004-2005, bcIMC focused on the following performance objectives, and our main achievements in each area are set out in the Management Discussion and Analysis in this report:

- Meeting or exceeding clients' investment return expectations;
- Managing risk;
- Developing and capitalizing on employee potential;
- Maintaining and enhancing information technology systems and infrastructure;
- Sharing information with stakeholders on a timely basis;
- Being an advocate for strong corporate ethics and governance; and
- Maintaining a competitive cost structure.

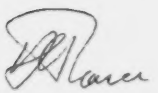
Looking ahead, economic growth in 2005 should remain close to last year's pace, although interest rates will rise slightly as the North American central banks begin to respond to inflationary pressures. Higher interest rates pose some risk to the economy, given the level of consumer indebtedness, as do the United States' fiscal and current account imbalances. Fortunately, economic and fiscal fundamentals are a plus for Canada, where bcIMC's clients have the bulk of their investments.

Beyond the next year, bcIMC is optimistic that global growth will continue to provide ample opportunities for investment. The federal government's elimination of the foreign property limit for registered pension plans will also help in the global search for returns, allowing greater diversification and providing a more favourable risk-return trade-off. The removal of this constraint will also lower the costs of existing foreign investments. The repeal of the foreign property rule is just one example of how the investment world has evolved since the difficult period for financial markets earlier this decade.

It is a continuing challenge for bcIMC to keep abreast of changing markets, new investment strategies, risk management tools and the ever-changing information technology marketplace, while maintaining our cost advantage. In coming years, being state of the art in all of these areas may require significantly more investment by bcIMC in tools, technology and resources. For example, direct strategic infrastructure investments promise higher returns and greater portfolio diversification but can be much more costly than investing in an internally managed indexed fund.

Throughout this report, we profile several of our external investment partners located around the world. These people and the institutions they represent are carefully selected by bcIMC to manage our clients' assets. We have chosen them because they understand our clients' needs and values, and their desire to be responsible investors. The diversity of our global investment partners allows us to reduce overall portfolio risk, and to help our clients achieve their objectives.

I thank all of our clients and our external partners for their continued support, and my bcIMC colleagues for their dedication and focus on client service.



Doug Pearce
Chief Executive Officer
Chief Investment Officer

Management Discussion and Analysis

bcIMC's performance is measured against the strategic objectives established by the Corporation's management under the direction of the Board. The objectives are set out in our three-year *Service Plan*, a public report posted on bcIMC's website at **www.bcimc.com.**

The following pages discuss our achievements in each of the seven performance areas for 2004-2005. This overview should be read in conjunction with the strategies, challenges, and expected performance results described in the *Service Plan*.

bcIMC's 2004-2005 performance objectives:

1. To meet or exceed our clients' investment return expectations, subject to their tolerance for risk.
2. To review and, where necessary, enhance our Enterprise Risk Management to mitigate risk factors that could negatively impact operational efficiency or investment outcomes.
3. To develop and capitalize on employee potential.
4. To maintain and enhance our systems infrastructure to ensure the Corporation as access to timely, reliable data and efficient technology solutions that support our business needs.
5. To share operational and investment information with stakeholders on a timely basis.
6. To be a strong advocate for good corporate governance and provide leadership to raise governance standards where necessary.
7. To maintain a competitive cost base that provides superior benefits to our clients.

2004-2005 CAPITAL MARKET OVERVIEW

In 2004-2005, equity markets delivered strong returns. After-tax profits rose more than 20% in Canada, and the S&P/TSX Composite Index returned 13.9% for the year ended March 31, 2005. In the United States, profits rose about 17% but the S&P 500 rose only modestly. In Japan, the economy showed some signs of a turnaround, luring foreign investors back to the Japanese stock market. Japanese investors remained skeptical and the Nikkei 225 Index changed little over the year. Europe's economy continued to languish, but bargain hunters attracted by low price-earnings multiples pushed stock prices higher.

Currency movements had a large impact on Canadians' foreign investments. The Canadian dollar rose 7.7% against a trade weighted basket of the currencies of Canada's major trading partners. As a result, the value of foreign holdings was reduced and Canadian dollar returns over 2004-2005 were lower than in foreign-currency terms. For example, the S&P 500 rose 6.7% in U.S. dollar terms over the 12 months ended March 31, 2005 but declined by -1.5% in Canadian dollar terms.

The main theme of the last year in fixed income markets was the search for yield. Interest rates rose less than anticipated during the year and credit spreads narrowed considerably as investors bought lower quality high yielding bonds. As a result, bond returns were better than had been expected, particularly in the lower credit quality segment of the market. The Scotia Capital Canadian Universe and Government Bond indexes both returned 5.0% for the 12 months ended March 31, 2005. Reflecting the narrowing of credit spreads, the Scotia Capital BBB Bond Index returned 5.3%.

Real estate markets continued to be very active over the last year, with domestic and foreign investors bidding up Canadian property prices as they sought higher and more stable long term returns compared to what the equity market offered. Residential real estate prices rose significantly, as Canadians flocked to buy homes. However, rental vacancy rates for multi-unit buildings rose as a result. In the office market, vacancy rates remained high and rental rates soft, but this failed to deter investment demand.

INVESTMENT PERFORMANCE

FIXED INCOME Fixed income securities provide predictable cash flows and tend to offset the volatility of equities. Having greater certainty of income, they are a core element of any diversified portfolio.

bcIMC manages pools of Canadian government bonds and short term securities. The portfolio of government bonds under bcIMC administration totals approximately $19.4 billion, while short term securities total about $3.4 billion. Government bond holdings managed by bcIMC include about $3.1 billion of real-return bonds that provide returns above inflation. These securities are in short supply and new issues occur infrequently. bcIMC's holdings represent about 8% percent of Canadian public market supply.

bcIMC has also developed a $2.8 billion portfolio of corporate bonds, which have higher risk, and normally higher returns, than government bonds. In 2004-2005 we introduced a Canadian Corporate Investment Grade Bond Fund, which invests in BBB-rated bonds.

Last year, returns on the four established bond pools ranged from 4.9% on our Corporate High Grade Bond Fund to 9.5% on our Long Term Bond Fund. All but the Corporate High Grade Bond Fund beat their benchmarks. This is because the benchmark includes higher-yielding BBB-rated bonds, which the fund does not hold.

Over the past five years, our money market and bond portfolios have generally outperformed their benchmarks, adding cumulative value for investors. However, as interest rates have fallen, returns have gradually been declining as well. They are now below the funding level required by pension plans, meaning that a fixed income-only portfolio would leave a funding gap.

MORTGAGES Commercial mortgages produce stable and predictable cash flows with superior returns to government bonds, although at greater credit risk and reduced liquidity.

bcIMC's three mortgage portfolios are diversified by loan type, geography and product type, giving investors choice by liquidity, duration and risk-return expectations.

In 2004-2005, the returns of the three mortgage pools ranged from 4.8% for the Fixed Term Mortgage Fund to 8.1% for the Specialty Mortgage Fund. They exceeded their benchmark returns by an average of 200 basis points, continuing the record of consistently strong returns since the mortgage program was introduced in 1995.

bcIMC underwrote more than $600 million of new mortgages in 2004-2005, up from $500 million the previous year. Demand for mortgages was strong in Canada with housing starts remaining at decade-high levels. The mortgage-lending environment continued to be highly competitive with financial institutions aggressively bidding for business.

PUBLIC EQUITIES Equities offer higher long term returns than fixed income securities, compensating for their higher risk and greater short term price volatility. bcIMC manages 14 pooled portfolios with diversification by geographic market and investment style. Seventeen investment firms manage our active public equity pools and our staff professionals manage all indexed funds, along with Canadian and U.S. enhanced index portfolios.

Left to right: Binkley Shorts and Saul Pannell of Wellington Management Company, one of bcIMC's external public equity managers.

In Canada, the returns of the Active Canadian Equity Fund (16.6%), Enhanced Canadian Equity Fund (15.5%), and Indexed Canadian Equity Fund (14.5%) all outperformed their benchmarks.

The U.S. indexed funds met their benchmarks, but the enhanced and active funds underperformed. The international funds' performances were mixed as the European Fund (9.9%) and EAFE Fund (5.7%) both underperformed their benchmarks. The Asian Fund (-0.1%) had a negative return, but it strongly outperformed its benchmark, primarily due to good performance from the Fund's Pacific region managers.

In 2004-2005, bcIMC's Equity Department:

- began managing the U.S. Enhanced Index Fund internally;
- restructured the European Active Pool;
- established the Strategic Canadian Equity Fund; and
- generated significant savings for clients by reducing commissions paid to brokers.

PRIVATE PLACEMENTS bcIMC makes private equity and debt investments in companies requiring capital for start-up, expansions, new developments, restructuring, or ownership changes. Most investments are made alongside like-minded investors through funds managed by external partners. These investments require in-depth knowledge of specific economic sectors, industries, products and firms. We have relationships with more than 50 external private placement managers, and investments in 99 funds as well as 9 direct investments.

Mads Bjørn Larsen, of Industri Kapital, one of bcIMC's external private placement managers.

Private placements typically comprise a small part of a diversified investment portfolio. They have outperformed public equity securities historically, but involve higher risk and take several years to realize their total returns. In the early years, management expenses are incurred in selecting investments, completing due

diligence, and negotiating investment terms. Consequently, initial returns are negative or low. Positive returns materialize as investments mature.

It is harder to sell private assets than public equities and bonds because there is no quoted trading market. This means that investors have a limited ability to trade out of them if a company's business deteriorates or underperforms over time. As a result, bcIMC pays significant attention to managing our clients' investment risk.

In 2004-2005, new private placement investments by bcIMC totalled C$611 million, including:

- US$25 million to a fund focusing on venture capital and growth / expansion investments in technology companies based primarily in Taiwan and China;
- C$25 million to a Canadian fund making growth / expansion investments in companies based in western Canada and the U.S. Pacific Northwest;
- €30 million to a buyout fund focusing on middle market opportunities in Northern Europe and Scandinavia;
- US$25 million to a buyout fund seeking opportunities in Japan;
- US$120 million to three U.S. funds focusing on investments in the energy sector, power plants and other infrastructure opportunities; and
- C$100 million as a direct investment in a platform for energy distribution and power generation.

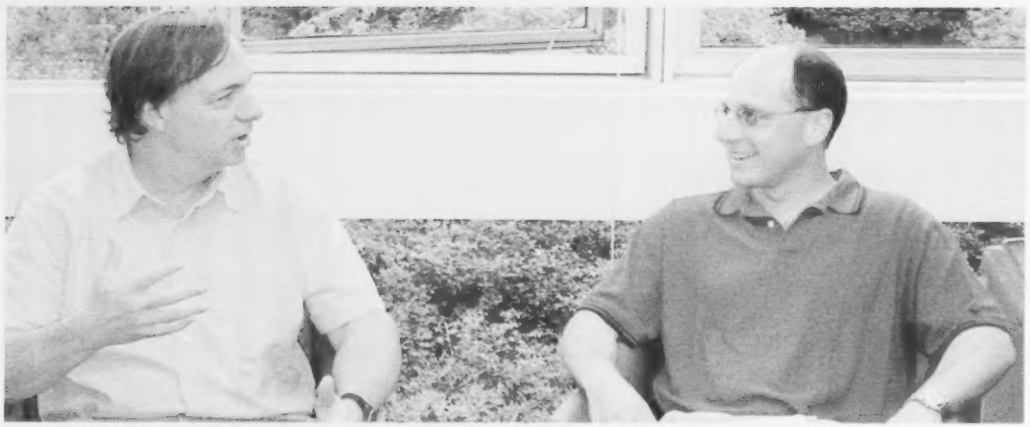
REAL ESTATE Real estate is a hybrid investment having risk-return attributes between those of bonds and equities. It has a fixed income component in the form of contractual rents and an equity component in the value of the land and buildings. Real estate generates relatively stable cash flow and generally appreciates over long periods of time in step with inflation - making it a partial hedge for liabilities linked to inflation. Its lack of correlation to stock and bond returns also makes real estate a strong portfolio diversifier.

Ariel Legarreta of LaSalle Asset Management, one of bcIMC's external foreign real estate managers.

bcIMC invests in high-grade Canadian real estate, including office and apartment properties, with smaller holdings of industrial, retail and mixed-use properties. We also invest in foreign real estate opportunities in the United States, Mexico, Europe and Asia. In total, bcIMC directly owns approximately 39 million square feet of rentable office, industrial and retail space and nearly 13,000 multi-family residential units.

Last year's 12.8% return on our domestic real estate fund, Realpool, exceeded the benchmark return of 6.3%.

bcIMC made a number of acquisitions in 2004-2005 in Calgary and Toronto that increased our portfolio of office space to 16.2 million square feet across Canada. bcIMC also acquired Marché Central, a premier retail property in Montréal – among the finest of its type in Canada. The property attracted interest from a large number of institutional investors from Canada and around the world, and is an important addition to our clients' domestic real estate portfolio. The 950,000 square-foot large-format retail "power centre" is situated on a 100-acre site in the geographic centre of Montréal Island, drawing shoppers from the entire greater Montréal region. Tenants include Costco, Winners, Future Shop, Best Buy, Old Navy, HSBC and Mountain Equipment Co-op. The Montréal property was partly financed by $300 million in unsecured debt, the first debt issue by bcIMC's primary real estate holding company, bcIMC Realty Corp.



Left to right: Ray Dallo and Jim Hoskit of Bridgewater Associates, one of bcIMC's foreign currency managers.

bcIMC Realty Corp. successfully completed its second debt offering later in the year. This $300 million offering of unsecured debt took advantage of historically low interest rates to obtain significant positive leverage on the portfolio and to partially fund the pending acquisition of an office and industrial portfolio.

Outside of Canada, bcIMC purchased a portfolio of 53 properties in Mexico alongside a consortium of investors. The transaction is believed to be the largest commercial real estate transaction in Latin American history. It comprises more than 5.6 million square feet of leasable space, and includes 52 industrial properties and one office building. The properties are located in 12 cities across Mexico, including major cities and northern border towns.

FOREIGN CURRENCY Between April 1, 2004 and March 31, 2005, the Canadian dollar appreciated 7.7% against a trade-weighted basket of the currencies of the country's major trading partners. The Canadian dollar appreciated 11.7% against the Japanese yen, 8.3% against the U.S. dollar and 2.7% versus the euro. Unhedged currency appreciation erodes the value of foreign asset holdings, but our currency hedging program generated $24.2 million for bcIMC clients in 2004-2005, which helped offset the impact of the Canadian dollar's appreciation.

POOLED FUND ANNUALIZED RETURNS (C$) - FIXED INCOME
Periods Ending March 31 2005

	10 YEARS	5 YEARS	3 YEARS	1 YEAR
SHORT TERM				
Short Term Fund 1	4.1	3.3	2.6	2.2
SC 91 Day T-Bill	4.0	3.2	2.6	2.2
Short Term Fund 2	4.4	3.6	2.7	2.3
SC 1-3 Year T-Bill	4.6	3.8	2.9	2.4
Short Term U.S. Fund 3	2.7	1.0	-7.5	-6.2
C$ Hedged 1-3 Year T-Bill	3.1	1.3	-7.4	-6.2
Short Term Bond Fund		6.5	5.8	2.8
SC Short Term Government Bond		6.6	5.8	2.9
MORTGAGES				
Fixed Term Mortgage Fund		8.1	8.1	4.8
SC 5 Year Term Pooled Mtg		7.8	7.1	4.0
Construction Mortgage Fund		8.5	5.9	5.4
SC 1 Year T-Bill + 2%		7.4	4.4	3.4
Specialty Mortgage Fund		9.6	9.4	8.1
SC 3 Year T-Bill + 5%		8.5	6.9	6.8
BONDS				
Indexed Government Bond Fund	8.6	7.7	8.2	5.1
SC Government Bond	8.5	7.7	8.3	5.0
Pension Bond Fund	8.7	7.8	8.4	5.3
SC Government Bonds	8.5	7.6	8.2	5.0
Long Term Bond Fund		9.1	11.6	9.5
SC Long Term Government Bond		8.8	11.1	9.0
Corporate High Grade Bond Fund	9.0	8.3	8.6	4.9
SC Corporate Bond	8.9	8.2	8.5	4.8
SINKING FUNDS				
BC Hydro Sinking Fund	8.2	8.0	8.6	6.2
BC Hydro Sinking Fund Benchmark	7.8	7.6	8.1	5.9
BCPC Sinking Fund		7.9	8.4	4.8
BCPC Sinking Fund Benchmark		8.0	8.4	4.7
BC Direct Debt Sinking Fund		8.0	8.7	6.0
BC Direct Debt Sinking Fund Benchmark		8.1	8.6	6.1

POOLED FUND ANNUALIZED RETURNS (C$) - EQUITIES & REAL ESTATE
Periods Ending March 31, 2005

	10 YEARS	5 YEARS	3 YEARS	1 YEAR
CANADIAN STOCKS				
Indexed Canadian Equity Fund	10.7	2.6	9.3	14.5
S&P/TSX Composite	10.9	2.6	9.5	14.7
Active Canadian Equity Fund	12.5	8.7	10.4	18.6
S&P/TSX Capped	11.2	3.6	9.5	15.1
Enhanced Canadian Equity Fund				15.5
S&P/TSX Composite				14.7
U.S. STOCKS				
S&P 500 Index Equity Fund	9.3	-6.6	-6.2	-1.5
S&P 500	9.4	-6.5	-6.1	-1.4
U.S. Value Index Fund			-1.8	0.9
S&P/Barra Value			-2.1	0.6
Enhanced Index U.S. Equity Fund		-7.8	-6.1	1.6
Russell 1000		-8.2	-6.3	1.0
Active U.S. Equity Fund	9.1	-5.9	-5.7	1.5
Russell 1000	9.3	-6.5	-6.3	1.0
Russell 2000	9.8	-0.8	-1.8	5.6
INTERNATIONAL STOCKS				
EAFE Equity Fund (combined active & indexed)		-4.1	1.6	5.7
MSCI EAFE Net		-4.5	1.6	5.6
Europe Equity Fund (combined active & indexed)		-4.9	0.1	9.9
MSCI Europe Net		-5.8	-1.5	10.8
Asian Equity Fund		-7.8	-4.1	-0.1
MSCI Pacific Net		-7.8	-4.1	-0.8
DERIVATIVE FUNDS				
U.S. Equity Derivatives Fund				5.2
S&P 500				5.4
REAL ESTATE				
Realpool	10.0	8.5	8.7	12.8
IPD CPA	9.9	8.5	8.4	9.6

Due to their unique nature, the investment performance of the Fund's private placement and retail pooled funds is excluded as year-by-year performance results can be misleading. To be assessed correctly, performance of these assets must be measured over the life of their respective funds.

RISK MANAGEMENT

Risk management underpins all aspects of our operations and investment management activities. bcIMC's framework of policies and practices is designed to ensure that market, credit, legal, environmental and operational risks are identified, assessed and effectively managed.

bcIMC's Environmental Risk Management Team includes (left to right) Dean Atkins, Vice President Mortgages and Vivien Lee, Assistant Portfolio Manager Real Estate.

Our Board is responsible for ensuring that bcIMC has the appropriate controls and accountabilities in place to enable bcIMC to achieve our business objectives. Management and staff are responsible for identifying and managing risks that may impact delivery of our services, as well as protecting clients' capital and the reputation of bcIMC.

Within bcIMC, our Consulting and Client Services Department devotes its time to researching ways of measuring and responding to market risk, as well as developing policies, and asset mix and investment strategies. This Department also spends considerable time meeting with clients and their consultants, reporting on performance and discussing investment strategies. Our Trade Management and Compliance group oversees the compliance of bcIMC's pooled funds, our security lending program, and our regulatory filing

requirements.

bcIMC's Fixed Income Department manages credit risk through adherence to, and close monitoring of counterparty credit ratings and related business information. We also maintain a diversified fixed income portfolio – diversified across asset types, issuers, sectors and terms, with limits on the amount of investment concentration in any one entity and in any one security of an entity.

Management of legal risk is an essential part of any Enterprise Risk Management strategy and in the investment management business there are legal implications to most of our transactions. With this in mind, bcIMC's Legal Affairs and General Counsel Department developed a framework in 2004-2005 to identify and assess the sources of legal risk inherent in our business, and has begun working with other bcIMC Departments to improve awareness of legal risks and the ways they should be managed.

Also in 2004-2005, bcIMC's Real Estate and Mortgage Departments collaboratively developed an environmental risk management framework that provides a consistent, enterprise-wide approach to environmental risk management. As a financial services organization bcIMC does not have a large environmental impact, however we need to manage the risks in our investments to ensure that asset values are not eroded. As part of our due diligence in acquiring real estate properties or mortgage investments, we conduct environmental assessments to find any evidence of contaminants or activities that would negatively impact the investment value. Post-acquisition we monitor the use of properties for conformance with the conservation and environment requirements of local and federal government legislation. In doing so, we can contribute to the responsible use of the environment and to the long term value of our clients' assets.

Our Finance and Operations Department leads the implementation and oversight of operational risk management policies and procedures. Considerable importance is placed on maintaining a strong control environment and each bcIMC Department is required, as part of a quarterly performance review, to identify and report on potential weaknesses in our processes. These reports are made to bcIMC's CEO/CIO and, where appropriate, are included in the Chief Executive Officer's quarterly compliance report to the Board of Directors.

During the year, an independent review of bcIMC's operational risk management program by Deloitte and Touche found that we have made good progress in assessing operational risk. We are acting on their recommendation that we can better focus our future efforts by reporting on risks by core business functions and by having independent reviews of departmental self-assessments.

HUMAN RESOURCES

bcIMC has a remarkable staff retention record in an industry noted for high turnover of investment professionals.

Last year, bcIMC had 104 employees. We were again fortunate in retaining a stable and dedicated team during the year. We continued to attract well-qualified employees to ensure that we continue to meet the changing needs of our clients and the Corporation. Our aim is to provide a stimulating and ethical workplace with a range of benefits, including an ideal location for a healthy lifestyle and a good work-life balance. Our low staff turnover is an indicator that staff are happy with what bcIMC offers.

bcIMC is aware of the need to balance attractive remuneration with accountability for costs. Our compensation plan must be competitive within the investment management industry to attract, retain and motivate the high quality staff we require to give our clients leading investment services. Our compensation philosophy is to target the median among other large in-house pension fund managers in Canada. With input from bcIMC's Human Resources Branch, the Board's Human Resources and Compensation Committee advises the Board on appropriate levels of employee remuneration taking into account our operating environment, industry comparisons and independent advice. In 2004, bcIMC conducted a comprehensive evaluation of our employee salary levels to benchmark them with industry practices.

bcIMC's Human Resources Branch ladies (left to right): Jennifer Liebenthal, Technician and Carol Iverson, Senior Manager.

bcIMC encourages employees to maintain a high level of knowledge and expertise in their specific role, and in the investment profession generally. For example, bcIMC supports employees who are enrolled in programs such as the Chartered Financial Analyst (CFA), the Certified General Accountant (CGA), the Certified Management Accountant (CMA), and other courses related to financial services. We also organize in-house seminars to familiarize all employees with portfolio management topics specific to bcIMC's operations and investment activities. Last year, the topics of operational risk management, performance measurement and mortgage investments were covered. Employees of bcIMC are provided opportunities to grow with the Corporation as evidenced by our focus on developing leadership capacity and by the promotion of 5 employees in 2004-2005.

bcIMC also contributes to training the next generation of portfolio management specialists in British Columbia. In 2004-2005, we sponsored a total of 5 internships from the Global Asset and Wealth Management MBA program at Simon Fraser University, the Portfolio Management Foundation program at the University of British Columbia, the University of Victoria and Camosun College. Last year, bcIMC extended an offer of employment to 4 students from these programs.

INFORMATION TECHNOLOGY

During 2004-2005, bcIMC made significant strides in implementing new elements of information technology to make our business more secure and run more efficiently.

We continue to focus on maintaining and improving our compliance and risk management through information technology solutions. A new trade order management system now permits "straight-through processing" (electronic trading/settlement) for most equities and provides improved controls and auditing capability of trading operations. Additional electronic trading tools were implemented for fixed income and foreign exchange trading. In-house development projects included an Asset Allocation System to report on changes to client asset weightings versus the policy benchmarks for liquid and total assets. The system also indicates when policy and foreign property weightings are exceeded. We also developed a document management system to assist with the management of legal documents for bcIMC's companies. bcIMC continues to evaluate quantitative risk management frameworks and technology that will be cost-efficient and suited for our multi-client environment.

bcIMC's Information Technology Branch includes (left to right): Debbie Linnell, Senior Manager; Don McPherson, Application Systems Manager; Brian Dunn, Senior Programmer Analyst and Dan Bailey, Senior Programmer Analyst.

New business solutions included the implementation of a data warehouse for bcIMC's Real Estate Department. The new warehouse, with its ability to maintain real estate data historically in a central repository, has resulted in operational efficiencies, reduced risk of errors and improved research and reporting functionality.

Corporate communication was enhanced with the introduction of an Extranet site for bcIMC's Board of Directors. By clicking on the navigation links, Directors can find reference materials on corporate and board operations, relevant legal and statutory rules, and information concerning the governance activities of the Board, and its committees. A library of research and advisory information produced by bcIMC is also provided with the intention of keeping Directors apprised of the economic, market and corporate reports issued to clients.

Business continuity plans were tested in 2004-2005, and firewall and intrusion detection was strengthened to protect the security of our computer network. In the near future, continuity plans will be expanded to enable bcIMC to recover in a geographically separate area from the BC Lower Mainland. bcIMC is also in the process of developing a response plan to pandemic infectious illness. The plan will provide bcIMC with a graduated response for continued operations and protection of clients' capital.

CONSULTING AND CLIENT SERVICES

bcIMC enjoys positive working relationships with our clients. This is achieved by working closely with clients to ensure that their investment strategies are prudent and appropriate, given their return objectives, payment obligations, and risk tolerance.

bcIMC's Consulting and Client Services Department (in ladies' left to right) Mike Chase, Wael Hekal, Kathy Marshall, Chris Lindsay, Lynn Hannah, Richard Parrish, Vicky Ng, Rebecca Copus, Robert Feld, Daryl Jones and Philippe Mercier.

While all bcIMC employees appreciate the importance of meeting our clients' investment needs, bcIMC's Consulting and Client Services Department, formerly Policy and Research, serves as the primary contact for bcIMC's clients. The Department's objective is to help decision-makers evaluate investment options and understand the reasons for their fund's performance results.

In addition to providing portfolio management services, bcIMC serves as an extension of our clients' internal staff by providing consulting, administrative and back-office support. This encompasses a variety of services including: custody, investment accounting, performance measurement, compliance monitoring, education, risk management, capital market research, and policy advice.

Supporting our view that bcIMC's clients are partners, we formally asked them for feedback in 2004-2005 on our strengths, weaknesses and areas for improvement in meeting their service expectations. bcIMC commissioned an independent survey firm to conduct a quantitative and qualitative client satisfaction survey, which was completed by 79 client representatives. Overall, 91% of clients rated their satisfaction with bcIMC at 5 or higher on a 7-point scale. 75% of respondents gave bcIMC a score of 6 or 7, where 7 equated to 'very satisfied'. Qualitative results from the survey identified bcIMC's key strengths as:

- Being an ethical, trustworthy and competent investment manager;
- Retaining employees with a high level of professionalism and integrity;
- Being responsive to client needs through advice and education; and
- Delivering high-quality reports and presentations.

The survey also provided helpful advice on improvements that can be made to our client communications and public profile. We are currently developing an action plan to address these suggestions, and will implement this in 2005-2006.

ADVOCACY

As an investor in more than 2,400 Canadian, U.S. and international companies, bcIMC takes an active role in promoting good corporate governance.

We encourage the companies owned by our clients to generate long term shareholder value by establishing and adhering to good governance principles, and to demonstrate respect for their employees, the environment and the communities in which they do business.

bcIMC has a three-part shareholder advocacy strategy:

1) Corporate dialogue – our CEO/CIO, Vice President Equity Investments, Manager Corporate Governance and internal and external portfolio managers personally discuss corporate governance issues with management and boards of companies in which bcIMC invests. Examples of issues which we consider crucial in terms of their potential impact on corporate performance are director independence, executive compensation and shareholder rights.

2) Working with like-minded investors – bcIMC is a member of the Canadian Coalition for Good Governance (CCGG), the Asian Corporate Governance Association (ACGA), and the International Corporate Governance Network (ICGN). The primary objective of these organizations is to improve the transparency and performance of corporations and capital markets through the promotion of high corporate governance standards.

3) Proxy voting – we vote the proxies for all of our clients' Canadian and U.S. holdings, and for the largest 200 non-North American companies they own. bcIMC's Corporate Governance and Proxy Voting Guidelines set out our policy and objectives on various corporate governance matters, and indicate how we are likely to vote on specific proposals. The guidelines apply equally to securities managed internally and those managed by external managers. Our guidelines and voting record for the more than 4,000 management and shareholder proposals that we vote each year may be viewed on our website at www.bcimc.com.

For all proposals, bcIMC has dedicated staff to research the issues and vote in accordance with what we believe will strengthen corporate performance and, in turn, improve investor returns. This means that we do not automatically vote with management. In 2004-2005, we voted against 1,273 management proposals and supported 171 shareholder motions.

VOTES AGAINST MANAGEMENT 2004-2005 (Global Portfolio)

ISSUE	TOTAL	AGAINST
Board of Directors	1,388	320 (23%)
Auditors	1,092	114 (10%)
Executive Compensation	783	529 (68%)
Takeover Protections	71	34 (48%)
Shareholder Rights	678	276 (41%)
Total	4,012	1,273 (32%)

COST STRUCTURE

According to independent studies by Cost Effectiveness Management Inc., bcIMC's fees continue to be among the lowest per dollar of assets managed in the industry.

The size of assets under management by bcIMC ($67.3 billion at March 31, 2005) and the pooling of clients' assets offers economies of scale that are reflected in lower costs. This enables us to charge our clients relatively low fees. bcIMC's cost advantages relative to our peer group derive from a low-cost implementation style and from paying less for investment management (for example, by managing more funds internally).

The investment world has been steadily evolving since the difficult period earlier this decade. To keep abreast of new investment strategies, risk management tools, and the ever-changing information technology marketplace while maintaining our cost-advantage is a continuing challenge. In coming years, providing our clients with access to the full range of investment products and strategies they expect from a leading-edge institutional investor may require significantly more investment in tools, technology and resources. For example, direct strategic infrastructure investments promise higher returns but can be much more costly than investing in an internally managed indexed fund.

bcIMC's fee structure is related to the types of assets under management and to the proportion of assets in clients' portfolios that are managed externally. This means that a shift toward direct private investments and away from the public markets, or from an indexed approach to active management, would generate higher costs for bcIMC and result in higher fees for clients.

bcIMC Governance

bcIMC takes seriously our responsibility to positively influence the corporate governance standards, and thereby the long term value, of the companies in which our clients invest. In turn, bcIMC's Board of Directors is committed to achieving and demonstrating a high standard of oversight over bcIMC's activities. The following points summarize bcIMC's governance structure, and the main corporate governance practices established by the Board and in place throughout 2004-2005.

bcIMC's Board of Directors

CLOCKWISE FROM TOP LEFT: **JOHN JOHNSTON,** *Vice President, Human Resources, Vancouver Island Health Authority, appointed by Municipal Pension Board of Trustees;* **DR. BRUCE KENNEDY,** *Executive Director, Pension Public Sector Employees' Council, Canada, appointed by College Pension Board of Trustees;* **SID FATTEDAD,** *Vice President, Finance & Information Services and Chief Financial Officer, Workers' Compensation Board of B.C., appointed by Ministry of Finance;* MEMBER OF THE HUMAN RESOURCES & COMPENSATION COMMITTEE. **JOAN AXFORD,** *Secretary-Treasurer, School District No. 61 (Greater Victoria), appointed by Teachers' Pension Board of Trustees;* MEMBER OF THE HUMAN RESOURCES & COMPENSATION COMMITTEE. **CHRIS TRUMPY,** *Deputy Minister, Ministry of Sustainable Resource Management, appointed by Ministry of Finance;* MEMBER OF THE AUDIT COMMITTEE. **BOB ELTON,** *Assistant A.G.C.I.O., Hydro, appointed by Minister of Finance;* MEMBER OF THE AUDIT COMMITTEE. **PAUL MARTIN,** *Chief Administrative Officer, Corporation of the District of Saanich, appointed by Municipal Pension Trustees;* MEMBER OF THE HUMAN RESOURCES & COMPENSATION COMMITTEE.

Governance Framework

bcIMC was established under the authority of the *Public Sector Pension Plans Act* (the "Act"). A central tenet of the Act is clarity on the relationship between the Board and management of bcIMC, and the division of their respective responsibilities. bcIMC's Board of Directors has the following responsibilities:

- ensure appropriate controls and accountabilities are in place;
- approve policies for pooled investment portfolios;
- ensure bcIMC provides appropriate service levels to its clients;
- approve annual budget, fee system, and employee classification systems, and compensation scale;
- select, appoint and review the performance of the Chief Executive Officer/Chief Investment Officer; and
- select and appoint bcIMC's auditors.

Investment professionals, hired by bcIMC, make all of the investment decisions, in accordance with the policies established by the clients or approved by the Board.

Composition of the Board

The legislation requires bcIMC's Board to have seven Directors as follows:

(a) one Director appointed by the College Pension Board from among its members;

(b) one Director appointed by the Municipal Pension Board from among its members;

(c) one Director appointed by the Public Service Pension Board from among its members;

(d) one Director appointed by the Teachers' Pension Board from among its members;

(e) two Directors, representative of other clients, appointed by BC's Minister of Finance;

(f) one other Director appointed by BC's Minister of Finance.

Board Committees

To assist our Directors in fulfilling their responsibilities, two key committees operated during 2004-2005:

- The Audit Committee consists of two bcIMC Directors and an independent, outside appointee. The nominating process for the outside appointee focuses on the skills, experience and qualifications of candidates. The Audit Committee oversees bcIMC's audit programs, financial management controls and financial reporting.
- The Human Resources and Compensation Committee consisting of three Directors, reviews matters relating to human resource strategies, compensation philosophy, succession management, performance and associated payments under incentive plans, and proposed changes to terms and conditions of employment, human resource policies and benefit plan designs.

Board and Board Committee Activity

Four regular meetings between the full Board and management are scheduled in advance of the coming year and additional meetings are arranged when business issues arise that require immediate Board attention. The two Board committees also meet with management quarterly. As necessary, the Board and its committees also meet without management.

An orientation program is provided to assist Board Directors in carrying out their fiduciary and governance duties. External experts and staff specialists provide assistance.

The Board operates under a culture that promotes active participation at the full Board level and committee level. Management reports and recommendations are expected to be thoroughly discussed and debated.

The Board regularly reviews its corporate governance practices and has in place two annual self-evaluation processes. One is for the Board to evaluate its performance as a whole. The other is for each Director to evaluate his or her own performance. In both cases, each Director completes an extended questionnaire.

Code of Conduct and Conflicts of Interest

bcIMC employees and others working at bcIMC are expected to exercise good judgment in their professional life. Our Employee Code of Conduct, which was updated to reflect best practices and approved by the Board's Human Resources and Compensation Committee in August 2003, provides staff with guidance in terms of the core values and principles of ethical conduct to which they must adhere.

The Board has also established a Code of Conduct for Directors. Directors are required to make timely disclosure of any direct or indirect interest, material or not, in a proposed or completed contract or transaction, investment or otherwise. They must also abstain from voting on resolutions concerning transactions in which they have a personal interest.

Corporate Governance Best Practice

The Board continually reviews and improves its oversight practices to reflect industry guidelines and recommendations. For example, the Board's corporate governance practices compare favourably against the Toronto Stock Exchange governance - a Canadian benchmark for governance best practice. In particular:

- The Board Chair is a non-executive Director, and the Board is entirely constituted of non-executive Directors;
- The Board and the CEO/CIO each has an explicit written mandate. Corporate objectives are established by management and approved by the Board annually;
- The relatively small size of the Board (7 members) facilitates engagement and effective decision-making; and
- bcIMC publishes information regarding its governance structure and practices on its web site, as well as in other corporate reports.

Meeting Attendance Record	BOARD MEETINGS		COMMITTEE MEETINGS			
			AUDIT COMMITTEE		HUMAN RESOURCES	
DIRECTOR	HELD	ATTENDED	HELD	ATTENDED	HELD	ATTENDED
Chris Trumpy	4	4	4	4		
Joan Axford	4	3			3	3
Bob Elton	4	3	4	4		
Sid Fattedad	4	4			3	3
John Johnsen	4	4				
Dr. Bruce Kennedy	4	4				
Paul Martin	4	3			3	3
Roger Clarke*			4	3		

* Mr. Clarke is a resident Committee member.

Financial Statements

Financial Statements

Location: 3rd Floor, 2940 Jutland Road, Victoria, BC, V8T 5K6
Mailing Address: PO Box 9910, Stn Prov Govt, Victoria, BC V8W 9R1

Financial Statements
March 31, 2005

Management's Responsibility for Financial Statements

Responsibility for the integrity and objectivity of the accompanying financial statements of the British Columbia Investment Management Corporation (the "Corporation") rests with management. The financial statements, which by necessity include some amounts that are based on management's best estimates and judgements, are prepared in accordance with Canadian generally accepted accounting principles. In management's opinion, the financial statements have been properly prepared within the framework of the accounting policies summarized in the financial statements and present fairly the Corporation's financial position and results of operations. The financial statements have been reviewed and approved by the Corporation's Board of Directors.

Systems of internal control and supporting procedures are maintained to provide reasonable assurance that transactions are authorized, assets are safeguarded and proper records maintained. The internal accounting control process includes management's communication to employees of policies that govern ethical business conduct.

These financial statements have been examined by the Corporation's independent auditor, the Auditor General of British Columbia, and his report is presented herein.

Doug Pearce
Chief Executive Officer
Chief Investment Officer

Lynne Ronneseth
Vice President, Finance & Operations

Report of the Auditor General of British Columbia

To the Shareholder
of the British Columbia Investment Management Corporation:

I have audited the balance sheet of the *British Columbia Investment Management Corporation* as at March 31, 2005 and the statements of operations and retained earnings, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the *British Columbia Investment Management Corporation* as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Wayne Strelioff

Victoria, British Columbia
May 10, 2005

Wayne Strelioff, FCA
Auditor General

Balance Sheet (in $000s)

As at March 31, 2005

	2005	2004
ASSETS		
Current assets		
Cash and short term investments (note 5)	$ 5,449	$ 5,609
Direct costs receivable (note 6)	17,732	18,554
Fees and other accounts receivable	4,200	1,571
Prepaid expenses	179	172
	27,560	25,906
Organization costs	–	31
Capital assets (note 7)	1,182	780
Deferred charges (note 12)	172	–
	$ 28,914	$ 26,717
LIABILITIES AND EQUITY		
Current liabilities		
Direct costs payable (note 6)	$ 17,618	$ 16,744
Accounts payable and accrued liabilities (note 8)	6,867	6,321
	24,485	23,065
Long term liabilities (note 8)	1,808	1,425
Equity		
Share capital (note 1)	–	–
Contributed surplus (note 9)	–	290
General reserve (note 10)	1,243	1,243
Retained earnings	1,378	694
	2,621	2,227
	$ 28,914	$ 26,717
Commitments (note 13)		

See accompanying notes to financial statements.

Approved on behalf of the Board:

Director

Director

Statement of Operations and Retained Earnings (in $000s)

For the year ended March 31, 2005

	2005	2004
REVENUES		
Funds management fees	$ 17,836	$ 15,632
Recoveries of direct costs (note 6)	71,111	64,774
Other	116	132
Total Revenues	$ 89,063	$ 80,538
EXPENSES		
Direct costs (note 6)	$ 71,111	$ 64,774
Salaries and benefits	12,308	11,229
Professional services	523	740
Systems operations	2,051	1,746
Insurance	618	512
Office and business	1,065	821
Rent	598	503
Amortization	296	247
Other	99	50
Total Expenses	$ 88,669	$ 80,622
NET INCOME (LOSS) (note 2b)	394	(84)
RETAINED EARNINGS - beginning of year	694	778
Transfer to retained earnings (note 9)	290	
RETAINED EARNINGS - end of year	$ 1,378	$ 694

See accompanying notes to financial statements.

Statement of Cash Flows (in $000s)

For the year ended March 31, 2005

	2005	2004
CASH FLOW PROVIDED BY (used for):		
Operating activities		
Net income (loss) for the year - before interest expense	$ 402	$ (83)
Interest expense	(8)	(1)
Net income (loss) for the year	$ 394	$ (84)
Items not involving cash		
Amortization	296	247
	690	163
Changes in non-cash working capital		
Accounts receivable	(1,807)	(5,152)
Prepaid expenses	(7)	12
Accounts payable and accrued liabilities	1,420	7,088
Cash flows from operating activities	296	2,111
Investing activities		
Capital assets	(661)	(175)
Deferred charges	(178)	–
	(839)	(175)
Financing activities		
Long term liabilities	383	141
	383	141
(DECREASE) INCREASE FOR THE YEAR	(160)	2,077
CASH AND SHORT TERM INVESTMENTS - beginning of year	5,609	3,532
CASH AND SHORT TERM INVESTMENTS - end of year	$ 5,449	$ 5,609

See accompanying notes to financial statements.

Notes to Financial Statements

Year ended March 31, 2005

1. Authority and Purpose

The British Columbia Investment Management Corporation (the "Corporation") operates as a corporation under section 16 of the *Public Sector Pension Plans Act*, S.B.C. 1999 c44 (the "Act"). The capital of the Corporation is one share with a par value of $10. The share is issued and registered in the name of the Minister of Finance on behalf of the Province of British Columbia (the "Province").

2. Nature of Operations

a) On January 1, 2000, the Corporation assumed responsibility for the fund management services previously provided by the Office of the Chief Investment Officer, a division of the Ministry of Finance. In accordance with enabling legislation, the Corporation as an agent can manage the assets of various public sector pension funds, the Province, provincial government bodies (Crown corporations and institutions) and publicly-administered trust funds.

b) The Corporation recovers all capital and operating expenses on a cost recovery basis. Net income or loss shown each year is a result of timing differences between capitalizing and amortizing capital expenditures and should not be construed as an indication of business viability.

c) The Corporation establishes companies for the sole purpose of managing specific investments in the course of administering assets on behalf of its clients. The Corporation, as agent for the investments on behalf of its clients, holds the voting shares of 3536785 Canada Inc., 3536831 Canada Inc., Levrick Limited, 597858 B.C. Ltd., bcIMC (WCBAF) Private Placement Investment Corporation, bcIMC (WCBAF) International Real Estate Investment Corporation, bcIMC (WCBAF PPAIG) Investment Corporation, bcIMC (WCBAF PPARC) Investment Corporation, bcIMC (WCBAF PPSAF) Investment Corporation, bcIMC (WCBAF PPMP) Investment Corporation, and bcIMC (WCBAF PPNS) Investment Corporation. However, these shares give the Corporation no right to receive distributions from these companies, which are established solely to hold, as nominee, investments for the Corporation's clients.

d) In March 2005 the Corporation incorporated and bought all the shares of 4245997 Canada Inc. 4245997 Canada Inc. will own one third of the general partner of a project in which the Corporation is investing on behalf of its clients. The Corporation's clients will hold their investments either through a pooled investment portfolio or on a segregated basis. The general partner will be allocated 0.0001% of the project's net income or loss. The remaining portion of the project's net income or loss will be allocated to the project investors, including the Corporation's clients. As at March 31, 2005 there has been no activity in the company and thus consolidation is not required.

e) As an agent of the Crown, the Corporation is exempt from federal and provincial income taxes.

3. Assets under Administration

The estimated market value of assets managed by the Corporation as of March 31, 2005 was $67 billion (2004: $63 billion), $50 billion (2004: $47 billion) of which is administered on behalf of pension funds and $17 billion (2004: $16 billion) on behalf of various trust funds and other clients.

These assets may be invested in segregated investments or aggregated in one or more of the pooled investment portfolios managed by the Corporation. The Corporation annually prepares separate audited financial statements for all pooled investment portfolios with more than one beneficial owner.

The financial statements of the pooled investment portfolios and segregated assets held in clients' accounts are not consolidated in the financial statements of the Corporation.

Notes to Financial Statements

Year ended March 31, 2005

1. Significant Accounting Policies

The Corporation's financial statements are prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). The significant accounting policies used in the preparation of these financial statements are as follows:

Short Term Investments – Short term investments consist of units in the Corporation's Canadian Money Market Fund ST2 and the US Money Market Fund ST3. U.S. dollar investments are translated at the year-end foreign exchange rate. Investments are recorded at the lower of cost or market value.

Organization Costs – Organization costs incurred in establishing the Corporation are capitalized and amortized on a straight-line basis over five years.

Capital Assets – Assets with a cost greater than $5,000 are recorded at cost less accumulated amortization. Software development costs, including labour and material costs for design, construction, testing, implementation and other related costs, are capitalized for business systems expected to be of continuing benefit to the Corporation.

Amortization is calculated on a straight-line basis over the estimated useful life, beginning in the quarter of acquisition, using the following rates:

Furniture, equipment	10 years
Mainframe, mini-computers, related software	5 years
Personal computer hardware, peripherals, related software	3 years

Leasehold improvements are amortized on a straight-line basis over the initial lease term.

Post-Employment Benefits

a) The Corporation and its employees contribute to the Public Service Pension Plan (the "Plan") in accordance with the *Public Sector Pension Plans Act*, S.B.C. 1999 c44. The British Columbia Pension Corporation administers the Plan, including payment of pension benefits to employees to whom the Act applies. The Plan is a multi-employer defined benefit pension plan. Under joint trusteeship, which became effective January 1, 2001, the risk and reward associated with the Plan's unfunded liability or surplus is shared between the employers and the plan members and will be reflected in their future contributions. The most recent actuarial valuation as of March 31, 2002 has determined that the Plan is in a surplus position.

The cost of employee benefits under the Plan is the amount of pension contributions in the year. The employer's portion of pension contributions paid to the plan during the year was $571,630 (2004: $497,550).

b) Employees are also entitled to a retiring allowance, as provided for under their terms of employment. The Corporation annually estimates and accrues the future obligation for retiring allowances as employees render the services necessary to earn the benefit. As at March 31, 2005, the accrued liability for retiring allowances is recorded as $407,400 (2004: $312,700).

Revenues – Revenues are received from the Corporation's investments (including realized gains and losses), recoveries of direct costs related to the pooled investment portfolios and segregated investments, and fees charged for funds management services.

Investment income is recorded on the accrual basis. Direct cost recoveries are recorded on the accrual basis as the related costs are incurred. Fees are recorded to recover all cash outlays and accrued expenses, and any changes to the general reserve as directed by the Board.

Notes to Financial Statements

Year ended March 31, 2005

3. Cost and Sale of Investments

(see figure 1)

4. Direct Costs

In order to provide funds management services, the Corporation contracts with third parties for investment services, as well as custodial, legal, audit and other services.

a) Costs that relate to providing funds management services and administering the investments and that are identified as being incurred on behalf of a specific pooled investment portfolio or a segregated investment held by a client are recovered directly from that entity. These costs are shown as expenses and the recovery of those expenses as revenue in the Statement of Operations and Retained Earnings.

(see figure 2)

b) The receivable balance reflects any amounts not yet recovered from specific pooled investment portfolios or a segregated investment and the payable balance reflects amounts accrued and owing to service providers.

Figure 1: Cost and Sale of Short Term Investments

	2005 ($000)		2004 ($000)	
	Cost	Market	Cost	Market
Cash	47	47	41	41
Short term investments	5,403	5,402	5,568	5,575
	5,450	**5,449**	**5,609**	**5,616**

Figure 2: Direct Costs

	2005 ($000)	2004 ($000)
Investment services	62,338	55,555
Custodial	5,205	5,430
Legal, audit, other	3,568	3,789
	71,111	**64,774**

Notes to Financial Statements

Year ended March 31, 2005

Capital Assets

(see figure 3)

Long Term Liabilities

Long term liabilities contain accruals for employee benefits of retiring allowance and the long term incentive plan, and a loan payable bearing interest at 7% related to accommodation lease costs being financed over 5 years. The short term portion of these liabilities is included in accounts payable and accrued liabilities.

(see figure 4)

Contributed Surplus

On January 1, 2000, at the commencement of the Corporation's operations, the Province transferred net assets of $290,085 to the Corporation. On February 17, 2005, the Province confirmed they have no interest in the value of the contribution and as a result the amount was transferred from contributed surplus to retained earnings.

Figure 3: Capital Assets (000s)

	Cost	Accumulated Amortization	2005 Net Book Value	2004 Net Book Value
Furniture, equipment	332	142	190	199
Mainframe, mini-computers, related software	1,098	484	614	363
Computer software under development	–	–	–	148
Leasehold improvements	552	174	378	70
	1,982	**800**	**1,182**	**780**

Figure 4: Long Term Liabilities (000s)

	Employee Benefits	Loan Payable	2005 Total	2004 Total
Short term liability	832	28	860	721
Long term liability	1,681	127	1,808	1,425

10. General Reserve

At the discretion of the Board, general reserves for future expenditures may be appropriated from retained earnings. No appropriations were made during the 2004 and 2005 fiscal years.

11. Related Party Transactions

The Corporation is related to all Province of British Columbia ministries, agencies and Crown corporations. Transactions with these entities are in the normal course of operations and are recorded at the exchange amounts.

12. Deferred Charges

Deferred charges are comprised of accommodation lease fees, some of which are embedded in the Corporation's monthly rental costs. The fees are being amortized over the 5 year term of the lease.

13. Commitments

On February 13, 2005, the Corporation has entered into a new accommodation lease agreement combining existing and new office space with original terms extending to January 2010 and three 5-year renewal options. The estimated cost under the lease for office rental and accommodation services for the next 5 fiscal years is:

	($000)
2006	820
2007	832
2008	832
2009	832
2010 (ten months)	693
	4,009

The Corporation has entered into a contractual agreement for a licensing right to use computer software with a three year term ending in June 2006. The estimated cost for the remaining term is $274,000 (2004: $446,300).

14. Financial Instruments

The Corporation's financial instruments consist of cash, short term investments, accounts receivable and accounts payable. In management's opinion the Corporation is not exposed to significant risks arising from these financial instruments as the fair values of these financial instruments approximate their carrying values.

15. Measurement Uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts on the Balance Sheet and Statement of Operations and Retained Earnings. The more subjective of such estimates are direct costs, post-employment benefit accruals and employee incentive plan accruals. Management believes its estimates to be appropriate, however, actual results could differ from these estimates and these differences would be reflected in applicable future periods.

16. Comparative Figures

Certain 2004 comparative figures have been reclassified to conform to the current year's presentation.

Our External Managers and Business Partners

Equities

- Alliance Bernstein
- Bank of Ireland
- Barclays Global Investors
- Bissett & Associates
- Clay Finlay
- Connor Clark & Lunn
- GL Asset Management
- Guardian Capital
- Lazslowsky Fraser
- JP Morgan Asset Management
- McLean Budden
- Montag & Caldwell
- Phillips, Hager & North
- Pyrford
- UBS Global
- Van Berkom & Associates
- Wellington Management Company

Real Estate

- Apex Limited Partnership
- Bentall Capital Limited Partnership
- Brascan Asset Management
- Doughty Hanson & Co
- GWL Realty Advisors Inc.
- LaSalle Investment Management Inc.
- Lowe Enterprises Investment Management, LLC
- Macquarie Global Property Advisors
- Prudential Investment Management

Currency

- Bridgewater Associates
- State Street Global Advisors

Mortgages

- Bental Capital Limited Partnership
- MCAP Financial Corporation
- Tri Continental Capital Limited

Private Placements

- Adams Street Partners
- Advent International
- Affinity Equity Partners
- AIG Capital Partners
- AIG Global Investment Group
- AIG Highstar Capital
- Arc Light Capital Partners LLC
- AsiaWest Partners, IC W/YEY Ltd.
- Banyan Capital Partners
- BC Partners, Inc.
- CAI Private Equity
- Callisto Capital Management Inc.
- Canaan Partners
- Candover Partners Ltd.
- Capital d'Amerique CDPQ Inc.
- Cascadia Partners LLC
- Celtic House Venture Partners
- Cinven Capital Management Ltd.
- CVC Capital Partners

Glenmount International
Greenstone Venture Partners
GrowthWorks Capital Ltd.
H & Q Asia Pacific
HarbourVest Partners LLC
HSBC Capital Canada Inc.
Indosuri Kapital
Kerr Energy Partners Management Ltd.
Macquarie Investment Management
MatlinPatterson
McKenna Gale Capital Inc.
McLean Watson Capital
MDS Capital
Mercantile Bancorp Ltd.
Mezzanine Management
MKS Partners
MWI & Partners
Newbridge Capital
Norwest Capital Partners Inc.
PMA Group Inc.
Pantheon Ventures Limited
Penfund Management Ltd.
Polaris Venture Partners
PrimePartners Asset Management Pte Ltd.
Richardson Capital Limited
Schroder Investment Management Limited
TD Capital Group
Telsoft Ventures Inc.
Texas Pacific Group
Thomas Weisel Partners LLC
Timberline Ventures, LLC
Tricor Pacific Capital Inc.
TriWest Capital
Ventures West
Venturion Partners Inc.
Walden International
Yaletown Ventures Inc.

Legal Advisors

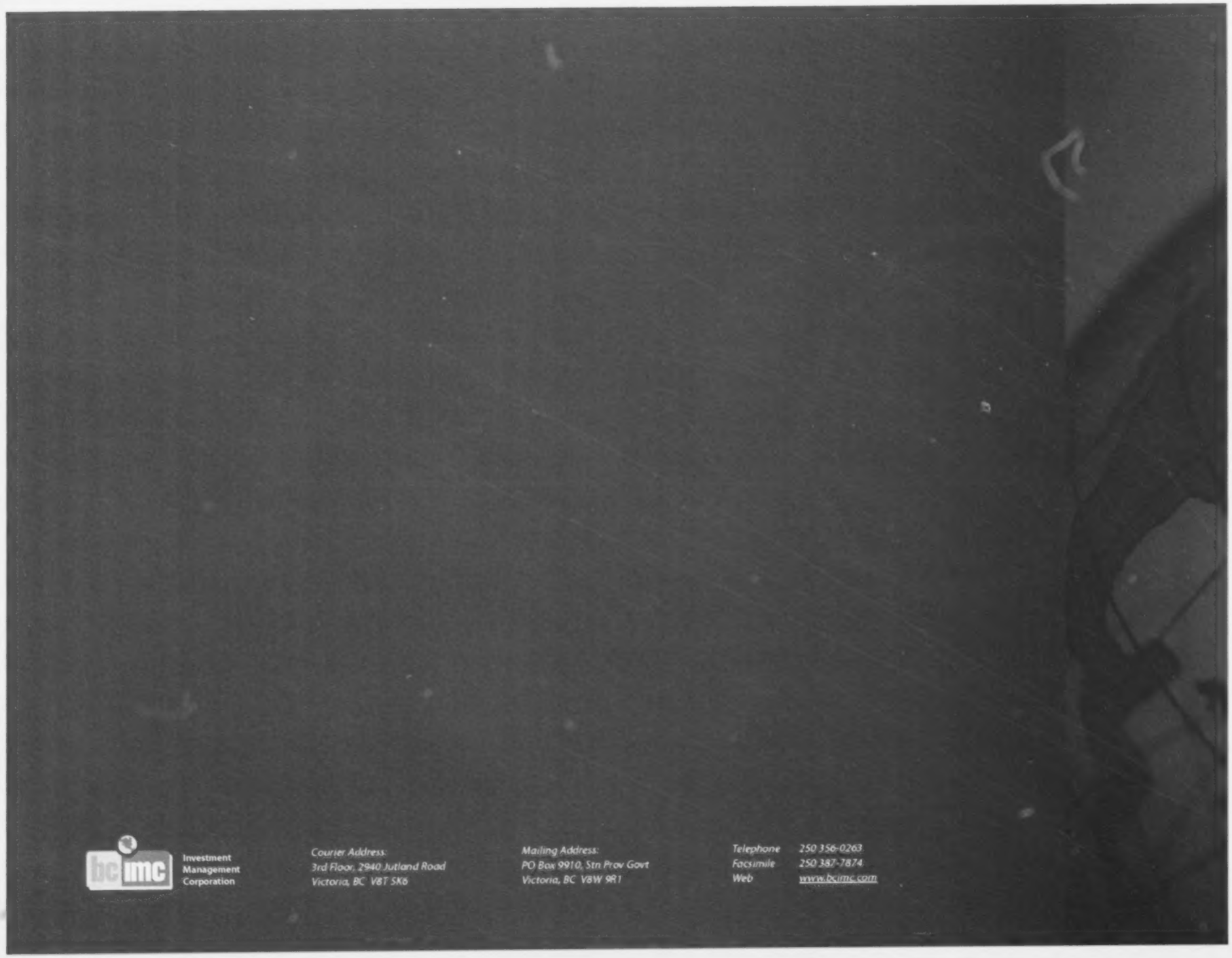
Lang Powell
Lawson Lundell
McCullough O'Connor Irwin

Auditor

Auditor General of British Columbia

Global Custodian

RBC Global Services



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